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Senate Panel Chops Embassy Security Program

Overriding objections from Secretary of State George P. Shultz, the Senate Foreign Relations Committee on May 14 dealt a major blow to the State Department's program to beef up security for U.S. embassies and diplomats overseas.

The committee approved $1.1 billion, over two years, for the program. President Reagan had asked Congress to commit itself to a $4.4 billion program over five years.

Chairman Richard G. Lugar, R-Ind., who proposed the cutback, said even the amount approved by the committee may prove difficult to obtain in a year of heavy budget cuts. "It's going to require a great deal of persistence to get $1.1 billion," he said.

In a turnabout from standard politics on most issues, several committee Democrats led a campaign on behalf of Reagan's request. But that effort fell short when the committee rejected, 7-10, an amendment by Paul S. Sarbanes, D-Md., to restore $250 million for high-priority items.

The Democrats said they accepted Reagan's argument that the need to improve diplomatic security against terrorist attacks took priority over the drive for budget cutbacks.

Some Democrats also seemed to be reacting to warnings by Shultz that he would hold Congress accountable for future attacks, such as those against U.S. targets in Lebanon in 1982-83.

Speaking of Congress, Shultz told reporters on May 11: "One of these days, there'll be another tragedy at some embassy. Then they'll come around and say: 'You're derelict in your duty because all these people got killed.' And I'm going to say: 'I'm not derelict in my duty, because you wouldn't appropriate the money to provide for the security of people who are living constantly under threat.' "

Shultz was responding in particular to the Senate's passage of a budget resolution (S Con Res 120) that provided only $500 million in fiscal 1987 for diplomatic security improvements, less than half of Reagan's $1.4 billion request. By contrast, the House-passed budget resolution (H Con Res 337) provided $1.1 billion. *(Budget resolutions, p. 1079)*

—*By John Felton*

Democrats Try in Vain To Restore Some Funds

Lugar said he hoped to get the diplomatic security bill (HR 4151) onto the Senate floor as soon as possible. The Democratic-controlled House on March 18 approved Reagan's full request, tagging on several unrelated anti-terrorism provisions. Lugar jabbed at the House for uncritical handling of the issue, saying that chamber gave it "no particular consideration at all."

The House and Senate bills authorize funds and State Department programs to boost diplomatic security. Actual appropriations for fiscal 1986, the first year of the program, are included in a supplemental spending bill (HR 4515) passed by the House on May 8 and pending in the Senate. *(Weekly Report pp. 1133, 1065, 968, 654)*

Cutting Back

In spite of its cost, the diplomatic security bill is popular in Congress because its stated purpose is to protect overseas employees of the State Department and other agencies against terrorist attacks.

Nevertheless, Lugar decided that Reagan's request had to be pared for two reasons: overall budget-cutting would force reductions in all foreign programs, and a committee staff investigation found several cases in which proposed embassy rebuilding projects appeared unjustified or overly expensive.

When the panel took up the issue on May 14, Lugar proposed a full-scale substitute authorizing $1.1 billion.

The biggest proposed cut was for the embassy construction program. Reagan had sought $1.5 billion over fiscal 1986-87 to buy land for and build or renovate more than 100 diplomatic posts. Lugar cut that to $857.8 million by eliminating projects the State Department listed as low priority and by approving only 80 percent of the funds for high-priority projects. Committee staff aides said they came up with the 80 percent figure because an investigation showed the department's proposals were excessive by an average of 20 percent.

Other items in Lugar's proposal:

- $245.3 million for salaries and other expenses related to security measures, compared with Reagan's $541 million request;
- $4.8 million, the request, for anti-terrorism aid to foreign countries;
- $2 million for research on equipment to combat terrorist attacks, compared with Reagan's $30 million request.

"I don't want to vote for a cut and have something happen" at an embassy.

—Sen. Paul S. Sarbanes, D-Md.

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FOREIGN POLICY NOTES

Officials Charge Mexican Corruption

Abandoning traditional diplomatic language, Reagan administration officials on May 13 told a Senate subcommittee that Mexico is losing control of drug smuggling, in part because of corruption in the government.

Top officials of four agencies, including the State Department, told the Senate Foreign Relations Subcommittee on Western Hemisphere Affairs that Mexico, which once had a "model" program to control drug trafficking, is now a major source of heroin, cocaine and marijuana entering the United States.

William von Raab, the U.S. Customs commissioner, told the subcommittee that increased drug smuggling was made possible by "the ingrained corruption in Mexican law enforcement." There is corruption "up and down the ladder," he said, but it is especially rife at "lower levels."

Under the chairmanship of Jesse Helms, R-N.C., the subcommittee held a closed hearing on May 12 and a public session the next day. Helms said he would hold another hearing in June.

The hearings were unusual for two reasons: Congress rarely inquires into Mexican affairs, and Helms charged that Mexican government officials, whom he would not name, made "strong attempts to thwart" the hearings.

Elliott Abrams, assistant secretary of state for inter-American affairs, told Helms his hearings "will have a major impact in Mexico. The government is going to be angered by this kind of discussion in public." Nevertheless, Abrams said he supported the hearings.

The Mexican government on May 14 filed a note with the State Department protesting the hearing, and a statement issued May 15 by the Mexican Embassy in Washington called the U.S. charges a "clear and unacceptable violation of Mexico's sovereignty." The statement also rejected "the accusations and calumnies pronounced against Mexico in the hearings."

Panel Approves State Aide

The Senate Foreign Relations Committee on May 14 approved the nomination of Morton I. Abramowitz to be assistant secretary of state for intelligence and research. The vote was 16-1, with Jesse Helms, R-N.C., dissenting.

Helms had delayed action on the nomination, expressing concern about Abramowitz' views on U.S. policy toward China and Taiwan. Helms charged that Abramowitz in the early 1970s had written a book that advocated "selling out" the government on Taiwan.

A career foreign service officer, Abramowitz has been director of intelligence and research at the State Department for one year. His nomination to assistant secretary was a promotion. *(Weekly Report p. 968)*

Lugar also stripped from the House-passed bill several unrelated anti-terrorism provisions, such as one establishing a list of "most wanted" terrorists. However, Lugar retained three provisions sought by the administration. They added $5 million for a new program of rewards for information about terrorists, authorized protection of witnesses who provide information about terrorist incidents outside the United States, and authorized the State Department to regulate the provision of training and other services to the security forces of countries that support terrorism.

Lugar called his proposal "a responsible and responsive approach" that would give the State Department about half the money it sought for 1986-87. Lugar also noted that fiscal 1986 ends Sept. 30, and so the State Department cannot spend all the money in that year that Reagan sought. Early next year, he added, the committee will consider a new authorization for the following two years.

Sarbanes challenged Lugar's proposal and demanded to know what specific items would be cut. When Lugar and his aides said they had used formulas to reduce the requested amounts, Sarbanes noted Shultz' implied threat to blame members of Congress if terrorists attack an unprotected embassy in the future.

"I don't want to vote for a cut and have something happen" at an embassy, Sarbanes said.

Sarbanes proposed adding $284.6 million to Lugar's proposal to give the State Department enough money for all its highest-priority projects in fiscal 1986-87. Doing that, he said, would "put the committee in a stronger position" to ward off potential criticism of the cutbacks.

At the suggestion of Charles McC. Mathias Jr., R-Md., the committee deleted from the Sarbanes proposal $34 million that the State Department wanted for a secret personnel program. Mathias said diplomats with whom he spoke "disagree that this is a good idea."

Committee and State Department officials refused to reveal details of the program Mathias cited.

On a roll-call vote, the committee then rejected Sarbanes' revised amendment for a $250 million increase in the $1.1 billion program. Voting yes were: Mathias; Sarbanes; Claiborne Pell, D-R.I.; Joseph R. Biden Jr., D-Del.; Alan Cranston, D-Calif.; Thomas F. Eagleton, D-Mo.; and John Kerry, D-Mass.

Voting no were: Lugar; Jesse Helms, R-N.C.; Nancy Landon Kassebaum, R-Kan.; Rudy Boschwitz, R-Minn.; Larry Pressler, R-S.D.; Frank H. Murkowski, R-Alaska; Paul S. Trible Jr., R-Va.; Daniel J. Evans, R-Wash.; Edward Zorinsky, D-Neb.; and Christopher J. Dodd, D-Conn.

The committee adopted three other amendments to the underlying bill, which was reported by voice vote:

- By Dodd, adding $7.2 million to the regular fiscal 1987 authorization for the Peace Corps operating budget, raising the total to $137.2 million. The vote was 8-2.
- By Zorinsky, placing restrictions on a program to protect spouses of heads of state who visit the United States, and curbing the availability of blueprints for embassies and other diplomatic buildings, by voice votes.

The day after the Senate panel acted, the cuts in the embassy program were played down by Dante B. Fascell, D-Fla., chairman of the House Foreign Affairs Committee. "It's just a different approach" to giving the administration what it wants, he said, predicting little controversy when the bill reaches a conference committee. ■

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Warns of Policy 'Tragedy':

Shultz Comes Up Short in Bid for Foreign Aid

Secretary of State George P. Shultz had virtually no success the week of May 11 in a belated lobbying campaign on behalf of his foreign aid and diplomatic security budget.

Shultz moved too late to get the House to add $500 million for foreign programs to the fiscal 1987 budget resolution. And he failed to head off a vote by the Senate Foreign Relations Committee to make deep cuts in a program to boost security at U.S. embassies overseas. *(Stories, pp. 1079, 1099)*

Foreign aid and State Department programs long have been among the most unpopular spending items on Capitol Hill, and they have been especially vulnerable to budget cuts this year. Even so, Shultz and other senior officials did little active lobbying for those programs, apparently because of an administrationwide directive not to make deals with Congress until later in the year. State Department aides also said Shultz was preoccupied with other issues, such as Nicaraguan "contra" aid and the Tokyo economic summit.

Meanwhile, the House and Senate were moving on their budget resolutions (S Con Res 120, H Con Res 337), pre-empting the administration's strategy.

The Senate resolution chopped nearly $5 billion, or 20 percent, from Reagan's request for budget authority for international programs, and the House measure cut about $5.6 billion, or 25 percent. The Senate bill is $400 million above the House version in "outlays," the amount actually spent in a given year.

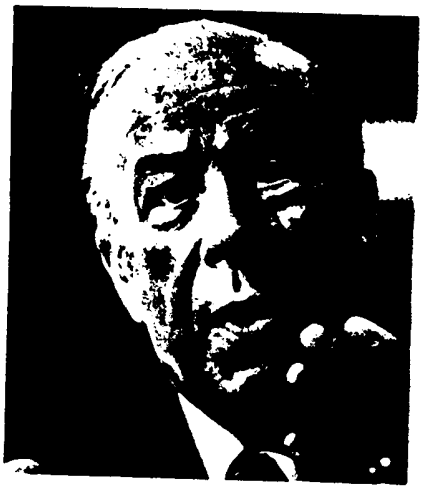
Reacting to those cuts, Shultz on May 11 summoned reporters to an in-flight news conference as he was returning from a trip to Asia. Shultz blasted the cuts as a "tragedy for United States foreign policy" and vowed to "drop everything else" to press for a reversal.

He repeated his criticism in a May 14 speech, saying that "Congress' actions threaten nothing less than the reversal of 40 years of constructive American leadership for peace and freedom."

Shultz' first chance to lobby Congress came on May 13, when Republican leaders from both chambers met at the White House with President Reagan and top aides. But that meeting quickly bogged down in other issues, participants said, and Shultz was unable to make his budget pitch.

Shultz then went to Capitol Hill, where he conferred with Senate Budget Committee Chairman Pete V. Domenici, R-N.M., who shared his views.

While meeting with Domenici, according to Hill sources, Shultz missed an even more important chance to influence House members. That chance arose when Dante B. Fascell, D-Fla., chairman of the House Foreign Affairs Committee, used Shultz' statements to convince fellow Democratic leaders to accept an amendment to the pending budget resolution raising foreign spending by $500 million.



"Congress' actions threaten nothing less than the reversal of 40 years of constructive American leadership for peace and freedom."

—Secretary of State Shultz

The Democrats imposed only one condition: that Republicans also support the amendment when the Rules Committee met on May 13 to decide what budget issues should be put before the full House. "We had to have full support from the White House and the Republicans for something of that magnitude," Fascell said.

But Shultz failed to lobby key Republicans in time for the Rules Committee session, and so Fascell dropped his proposed amendment. The House passed the budget bill on May 15.

Nevertheless, Fascell said he hoped Democratic leaders will accept the higher Senate outlay figure for foreign programs when the budget resolution reaches a conference committee.

Shultz also made a last-minute appeal to the Senate Foreign Relations Committee on behalf of Reagan's five-year, $4.4 billion program to boost security at U.S. embassies overseas. The GOP-led committee spurned that appeal, however, and approved only $1.1 billion over two years.

Foreign Relations Chairman Richard G. Lugar, R-Ind., said of Shultz' lobbying: "It's very late." *(Budget background, Weekly Report p. 456)*

Looking at Numbers

The heart of Shultz' complaint was that the figures in the budget resolutions for international programs would force cuts of 40-60 percent in some programs. The reason is that Congress, while reducing the overall budget, also is expected to mandate spending levels for a few programs — especially aid to Israel and Egypt. That means the administration will have to squeeze all other programs into a budget that is much smaller than Reagan's request.

According to State Department figures, Congress is likely to mandate, or "earmark," spending of about $11.1 billion for foreign aid, State Department operations and other programs. The Senate budget resolution would provide a total of $17.9 billion, leaving only $6.8 billion to pay for all other foreign programs, for which Reagan requested $10.6 billion.

The gap is greater under the House bill, which sets a $17 billion total for international programs. Once $11.1 billion is set aside for the mandated spending, the House bill leaves $5.9 billion to pay for $11.2 billion worth of programs.

One reason for the cuts is that Reagan asked for a $2.3 billion net increase for foreign programs in fiscal 1987. Both budget bills would freeze most programs at the 1986 levels. ■

—*By John Felton*

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Senate-, House-Passed Fiscal 1987 Budget Resolutions

(In billions of dollars; totals may not add due to rounding.)

Category	Senate-Passed Resolution			House-Passed Resolution		
	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989
National Defense						
Budget Authority	$301.0	$312.2	$327.2	$285.0	$295.5	$306.5
Outlays	282.0	291.8	305.1	276.2	281.4	290.5
International Affairs						
Budget Authority	17.9	18.0	17.3	17.0	17.3	15.9
Outlays	14.2	14.1	13.6	13.8	13.6	12.9
Science and Space						
Budget Authority	9.3	9.4	10.0	8.8	8.8	8.8
Outlays	9.1	9.2	9.5	8.8	8.8	8.7
Energy						
Budget Authority	4.7	6.0	5.8	4.9	4.7	4.8
Outlays	4.6	5.6	5.2	4.9	4.2	3.8
Natural Resources						
Budget Authority	12.5	12.6	12.4	12.0	12.0	11.8
Outlays	12.6	12.6	12.7	12.3	12.2	12.2
Agriculture						
Budget Authority	23.8	26.1	25.3	23.8	26.0	25.3
Outlays	23.5	24.9	21.6	23.6	24.8	21.6
Commerce and Housing						
Budget Authority	10.0	10.5	7.5	9.6	9.4	7.6
Outlays	3.5	6.3	1.4	2.2	5.1	1.3
Transportation						
Budget Authority	26.8	26.5	26.6	24.6	26.4	26.3
Outlays	27.8	26.7	26.8	25.5	26.5	26.4
Community Development						
Budget Authority	6.9	7.2	7.1	6.3	6.5	6.5
Outlays	7.2	7.0	6.8	7.0	7.1	6.6
Education and Social Services						
Budget Authority	33.2	30.3	30.2	33.8	32.9	33.8
Outlays	30.6	31.2	30.6	30.6	32.3	33.1
Health						
Budget Authority	38.6	40.5	42.5	38.7	40.5	42.7
Outlays	38.3	40.6	42.4	38.4	40.7	42.8
Medicare						
Budget Authority	82.9	90.9	100.8	83.0	91.4	101.5
Outlays	72.8	80.5	88.8	73.4	81.9	91.4
Income Security						
Budget Authority	161.4	169.3	173.1	165.3	172.9	176.5
Outlays	121.4	127.7	132.4	121.4	127.2	130.6
Social Security						
Budget Authority	228.4	260.5	286.5	226.7	257.0	281.4
Outlays	209.4	223.2	238.6	209.4	223.3	238.6
Veterans' Benefits						
Budget Authority	27.0	27.3	27.4	27.1	27.5	27.3
Outlays	26.5	26.9	27.1	26.7	27.1	26.9
Justice						
Budget Authority	7.2	7.1	7.0	7.2	7.2	7.3
Outlays	7.2	7.1	7.1	7.2	7.3	7.4
General Government						
Budget Authority	5.5	5.9	6.1	5.8	6.2	6.2
Outlays	5.4	5.9	6.1	5.7	6.1	6.2
General Fiscal Assistance						
Budget Authority	2.0	2.0	2.1	1.9	1.9	2.0
Outlays	2.8	2.0	2.1	2.7	1.9	2.0
Net Interest						
Budget Authority	143.9	152.0	149.8	143.5	151.5	149.0
Outlays	143.9	152.0	149.8	143.5	151.5	149.0
Allowances						
Budget Authority	0.5	1.9	2.1	0.6	1.6	2.7
Outlays	0.5	2.0	2.2	0.6	1.7	2.9
Offsetting Receipts						
Budget Authority	−42.1	−46.1	−45.8	−39.0	−37.1	−38.3
Outlays	−42.1	−46.1	−45.8	−39.2	−37.1	−38.3
TOTALS						
Budget Authority	$1,101.3	$1,170.0	$1,220.9	$1,086.4	$1,159.7	$1,205.4
Outlays	1,001.2	1,051.2	1,084.0	994.3	1,047.1	1,076.2
Revenues	857.2	941.2	1,011.9	857.2	941.2	1,011.9
Deficit	144.0	110.1	72.1	137.1	105.9	64.3
Gramm-Rudman Targets	144.0	108.0	72.0	144.0	108.0	72.0

SOURCES: Senate Budget Committee, House Budget Committee

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SENATE

HOUSE

Domestic Spending Freeze

- A portion of the savings assumed in the budget resolution would be achieved by freezing discretionary budget authority for most non-defense programs in fiscal 1987-89 at fiscal 1986 levels, resulting in spending levels below the CBO baseline. The Senate budget resolution makes exceptions to this comprehensive freeze, which are noted elsewhere in the assumptions.

- The House resolution also assumes a freeze at fiscal 1986 spending levels for three years. Like the Senate, the House makes exceptions to the freeze, particularly for so-called "high-priority" programs, including those serving children, low-income persons and veterans, as well as law enforcement and embassy security.
- The House resolution also assumes a 2.5 percent cut in many non-defense discretionary programs. The spending cut, which also exempts certain "high-priority" programs, would be calculated after all other adjustments to domestic spending outlined below are calculated.

Defense

- Budget authority would be $301 billion in fiscal 1987, $312.2 billion in 1988 and $327.2 billion in 1989. The figures reflect a 2.8 percent increase in fiscal 1987 to allow for inflation and 1 percent increases above inflation in 1988 and 1989. Reagan had requested fiscal 1987 budget authority of $320.3 billion, reflecting an estimated 8 percent growth above inflation. In fiscal 1987, outlays would be $282 billion, the same outlay figure requested by the president, but derived from a different, CBO-computed rate of spending. Outlays would be $291.8 billion in fiscal 1988 and $305.1 billion in 1989.
- Military and civilian defense employees' pay increases of 2 percent in January of each year, 1987-89, are assumed.
- Already-enacted reconciliation provisions relating to third-party insurance reimbursement for certain treatment performed in military hospitals and advance funding of civilian retirement credited because of military service (contained in HR 2672, a federal employee retirement bill) are assumed. *(Related story, p. 1092)*
- Fuel cost savings in fiscal 1987 due to falling oil prices are projected at $2.0 billion.

- Budget authority would be $285 billion in fiscal 1987, $295.5 billion in 1988 and $306.5 billion in 1989. Outlays would be $276.2 billion in fiscal 1987, $281.4 billion in 1988 and $290.5 billion in 1989. New spending authority would be $1.8 billion less than fiscal 1986.
- Of the fiscal 1987 budget authority, $3 billion would not be available to the Appropriations committees until the defense secretary accounts for how fiscal 1986 inflation adjustments were used. *(Related story, p. 1096)*
- Military and civilian defense employees would receive 3 percent pay raises in January of each year, 1987-89.

International Affairs

- To proceed with enhanced security of U.S. embassies, but at a slower pace than previously anticipated, State Department salaries and expenses would rise 15 percent and the appropriation for foreign buildings would rise 65 percent.
- Foreign aid spending would be reduced 11 percent below a freeze. If aid programs for Egypt, Israel and nations where the United States has full access to local military bases are fully funded, the president's request for aid to other nations would be cut by a third. *(Related stories, pp. 1099, 1101)*
- The administration's request for more aid to the Philippines would be achieved by disbursing existing appropriations accounts in fiscal 1986 rather than in the two following years, as previously assumed.
- Foreign broadcasting and exchange activities would be cut 10 percent below a freeze.
- Financing of $1.1 billion for the Export-Import Bank direct loan program is assumed, no change in the current budget authority level; this amount would have to be reduced if new export financing programs, such as a $300 million "Fair Export Financing" program, or the administration's $1.8 billion "match" program of guaranteed private loans with reduced interest rates, were desired.

- To enhance security of U.S. embassies, State Department budget authority would rise $1.1 billion in fiscal 1987, but $650 million of that would be cut from other State Department programs.
- Foreign aid outlays would be reduced overall by about 10 percent, to $12.3 billion. This would require a cut of $2.1 billion in budget authority

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